

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 IO-10 AGR-05 DODE-00 PM-04 H-02 L-03 PA-01

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

USCINCSO

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PASS CONSULS

E.O. 11652: N/A

TAGS:EGEN,XM

SUBJECT- CREATION OF LATIN AMERICAN ECONOMIC SYSTEM

REFERENCE: STATE 126782

1. TWENTY-THREE LATIN AMERICAN COUNTRIES APPROVED THE
FORMAL CREATION OF THE LATIN AMERICAN ECONOMIC SYSTEM
(SELA) AT A MINISTERIAL LEVEL MEETING IN PANAMA CITY
OCTOBER 17. BARBADOS AND GRENADA DID NOT SIGN THE
FOUNDING CHARTER BUT HAVE REPORTEDLY INDICATED THAT THEY
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INTEND TO DO SO WITHIN THIRTY DAYS. VENEZUELA, ONE OF

THE MAJOR PROPONENTS OF THE NEW ORGANIZATION, WILL BE THE HEADQUARTERS COUNTRY. GOALS AND FUNCTIONS OF SELA REMAIN LOOSELY DEFINED. EMPHASIS WILL LIKELY BE PLACED ON COORDINATION OF LATIN AMERICAN POSITIONS IN INTERNATIONAL FORUMS; VENEZUELA PARTICULARLY SEEMS LIKELY TO USE SELA TO PUSH FOR SUPPORT ON ITS POSITIONS ON RAW MATERIALS PRICES. HOWEVER, THE GOV HAS REPEATEDLY EMPHASIZED THAT ORGANIZATION WILL BE VEHICLE FOR LATIN AMERICAN COOPERATION, NOT FOR CONFRONTATION WITH THE UNITED STATES.

2. DEPARTMENT BELIEVES LOW-KEY U.S. ATTITUDE TOWARD SELA CONTINUES TO BE THE MOST APPROPRIATE STANCE. ACCORDINGLY, WE DO NOT PLAN TO ISSUE STATEMENT ON CREATION OF THE

ORGANIZATION. IF QUERIED ON U.S. POSITION, YOU SHOULD DRAW ON THE FOLLOWING TALKING POINTS.

3. A. THE U.S. HAS LONG SUPPORTED SOUNDLY BASED LATIN AMERICAN EFFORTS FOR COOPERATION TO AID ECONOMIC DEVELOPMENT. AS SECRETARY KISSINGER NOTED IN HIS ADDRESS TO THE UNGA SEVENTH SPECIAL SESSION, REGIONAL TRADING ASSOCIATIONS CAN BE OF PARTICULAR BENEFIT TO DEVELOPING COUNTRIES IN PROVIDING THE ECONOMIES OF SCALE WHICH RESULT FROM LARGER MARKETS. WE HAVE GIVEN ASSISTANCE TO LATIN AMERICAN REGIONAL AND SUBREGIONAL INTEGRATION ORGANIZATIONS, INCLUDING THE ANDEAN GROUP, THE CENTRAL AMERICAN COMMON MARKET, AND THE CARIBBEAN DEVELOPMENT BANK.

B. MANY OF THE ACTIVITIES WHICH HAVE BEEN PROPOSED FOR SELA, INCLUDING THE CREATION OF LATIN AMERICAN MULTINATIONAL FIRMS, THE ACCELERATION OF REGIONAL ECONOMIC INTEGRATION EFFORTS, AND THE CHANNELING OF ASSISTANCE FROM THE HEMISPHERE'S RICHER COUNTRIES TO THE LESS FAVORED NATIONS, ARE OBJECTIVES WHICH THE U.S. FULLY SUPPORTS.

C. THE FORM AND PACE OF LATIN AMERICAN REGIONAL ECONOMIC COOPERATION IS A MATTER TO BE DECIDED UPON BY THE LATIN AMERICAN COUNTRIES. WE CAN ENVISION COOPERATIVE EFFORTS IN WHICH THE U.S. COULD PARTICIPATE IN CONJUNCTION WITH THE LATIN AMERICAN COUNTRIES FOR THE FURTHERANCE OF THE DEVELOPMENT OF THE HEMISPHERE. WE LIMITED OFFICIAL USE

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WOULD BE PLEASED TO CONSIDER PROPOSALS FOR SUCH COOPERATION WHICH MIGHT BE SUBMITTED THROUGH SELA.

D. (IF ISSUE OF COOPERATION ON RAW MATERIALS PRICES IS RAISED). SOME OF SELA'S PROPOSED ACTIVITIES ARE IN THE FIELD OF RAW MATERIALS. SECRETARY KISSINGER HAS REITERATED OUR SUPPORT FOR PRODUCER-CONSUMER FORUMS ON KEY RAW MATERIALS. SUCH EFFORTS COULD FURTHER THE INTERESTS OF ALL HEMISPHERE COUNTRIES. THE U.S. DOES

BELIEVE THAT UNILATERAL MEASURES BY RAW MATERIALS PRODUCERS OR PRODUCERS ASSOCIATIONS WHICH EXCLUDE THE INTEREST OF OR PARTICIPATION OF CONSUMERS ARE NOT IN THE LONG TERM INTEREST OF EITHER PRODUCING OR CONSUMING COUNTRIES.

4. POSTS SHOULD CONTINUE TO REPORT ON HOST COUNTRY ATTITUDES AND ACTIONS REGARDING SELA, PARTICULARLY ON EXPECTED TIME FRAME FOR RATIFICATION OF CHARTER.

5. FOR CARACAS: IN LIGHT OF FOREIGN MINISTER ESCOVAR'S COMMENTS TO THE SECRETARY ON OCT. 9 ON OUR ALLEGED

"DIVIDE AND CONQUER" ATTITUDE, YOU MAY WISH TO INFORM HIM THAT WE HAVE ADVISED ALL OUR EMBASSIES IN L.A. OF OUR POSITION ON THIS MATTER. YOU SHOULD REITERATE THE SECRETARY'S POINT THAT THE U.S. CANNOT BE OUT IN FRONT ON MATTERS WHICH MUST BE DECIDED BY THE LATIN AMERICAN COUNTRIES, BUT THAT WE WELCOME SUGGESTIONS FOR COOPERATIVE EFFORTS WHICH WE MIGHT UNDERTAKE. INGERSOLL

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